ServisFirst Bancshares, Inc.
Form 10-Q
May 01, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

_____

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____to_____

Commission file number 001-36452

SERVISFIRST BANCSHARES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**26-0734029**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

2500 Woodcrest Place, Birmingham, Alabama **35209**
(Address of Principal Executive Offices) (Zip Code)

(205) 949-0302

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of exchange on which registered**
Common stock, par value $.001 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definition of “large accelerated filer,” “accelerated filer,” “non-accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	Outstanding as of April 27, 2018
Common stock, $.001 par value	53,147,169

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EX-31.01 SECTION 302 CERTIFICATION OF THE CEO

EX-31.02 SECTION 302 CERTIFICATION OF THE CFO

EX-32.01 SECTION 906 CERTIFICATION OF THE CEO

EX-32.02 SECTION 906 CERTIFICATION OF THE CFO

PART 1. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

SERVISFIRST BANCSHARES, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	March 31, 2018 (Unaudited)	December 31, 2017 (1)
ASSETS		
Cash and due from banks	$ 64,912	$ 86,213
Interest-bearing balances due from depository institutions	53,311	151,849
Federal funds sold	197,882	239,524
Cash and cash equivalents	316,105	477,586
Available for sale debt securities, at fair value	560,635	538,080
Held to maturity debt securities (fair value of $250 at March 31, 2018 and December 31, 2017)	250	250
Equity securities	1,026	1,034
Mortgage loans held for sale	4,522	4,459
Loans	5,928,327	5,851,261
Less allowance for loan losses	(62,050)	(59,406)
Loans, net	5,866,277	5,791,855
Premises and equipment, net	58,624	58,900
Accrued interest and dividends receivable	20,261	20,661
Deferred tax assets, net	11,468	13,022
Other real estate owned and repossessed assets	5,748	6,701
Bank owned life insurance contracts	128,296	127,519
Goodwill and other identifiable intangible assets	14,652	14,719
Other assets	23,871	27,598
Total assets	$ 7,011,735	$ 7,082,384
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 1,407,592	$ 1,440,326
Interest-bearing	4,569,795	4,651,348
Total deposits	5,977,387	6,091,674
Federal funds purchased	326,399	301,797
Other borrowings	64,739	64,832
Accrued interest payable	7,823	4,971
Other liabilities	6,090	11,506
Total liabilities	6,382,438	6,474,780

Stockholders' equity:		
Preferred stock, par value $0.001 per share; 1,000,000 authorized and undesignated at March 31, 2018 and December 31, 2017	-	-
Common stock, par value $0.001 per share; 100,000,000 shares authorized; 53,147,169 shares issued and outstanding at March 31, 2018, and 52,992,586 shares issued and outstanding at December 31, 2017	53	53
Additional paid-in capital	217,536	217,693
Retained earnings	416,311	389,554
Accumulated other comprehensive loss	(5,105)	(198)
Total stockholders' equity attributable to ServisFirst Bancshares, Inc.	628,795	607,102
Noncontrolling interest	502	502
Total stockholders' equity	629,297	607,604
Total liabilities and stockholders' equity	$ 7,011,735	7,082,384

(1) derived from audited financial statements

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Interest income:		
Interest and fees on loans	$69,674	$55,556
Taxable securities	2,745	2,087
Nontaxable securities	656	765
Federal funds sold	551	519
Other interest and dividends	383	590
Total interest income	74,009	59,517
Interest expense:		
Deposits	9,621	5,982
Borrowed funds	1,952	1,483
Total interest expense	11,573	7,465
Net interest income	62,436	52,052
Provision for loan losses	4,139	4,986
Net interest income after provision for loan losses	58,297	47,066
Noninterest income:		
Service charges on deposit accounts	1,585	1,354
Mortgage banking	518	899
Credit card income	1,578	1,179
Securities gains	4	-
Increase in cash surrender value life insurance	777	724
Other operating income	407	390
Total noninterest income	4,869	4,546
Non-interest expenses:		
Salaries and employee benefits	13,296	11,713
Equipment and occupancy expense	1,954	2,250
Professional services	805	771
FDIC and other regulatory assessments	1,133	997
Other real estate owned expense	316	76
Other operating expenses	6,008	5,460
Total non-interest expenses	23,512	21,267
Income before income taxes	39,654	30,345
Provision for income taxes	7,051	7,826
Net income	32,603	22,519
Dividends on preferred stock	-	-
Net income available to common stockholders	$32,603	$22,519

Basic earnings per common share	$0.61	$0.43
Diluted earnings per common share	$0.60	$0.42

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	$32,603	$22,519
Other comprehensive (loss) income, net of tax:		
Unrealized holding (losses) gains arising during period from securities available for sale, net of (benefit) tax of $(1,340) and $534 for 2018 and 2017, respectively	(4,910)	993
Reclassification adjustment for gains on sale of securities, net of tax of $1 for 2018	3	-
Other comprehensive (loss) income, net of tax	(4,907)	993
Comprehensive income	$27,696	$23,512

See Notes to Consolidated Financial Statements.

SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(In thousands, except share amounts)

(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2016	$ -	$ 53	$215,932	$307,151	$ (624)	$ 377	$522,889
Common dividends declared, $0.05 per share	-	-	-	(2,641)	-	-	(2,641)
Issue 175,500 shares of common stock upon exercise of stock options	-	-	926	-	-	-	926
Issue 125 shares of REIT preferred stock	-	-	-	-	-	125	125
Stock-based compensation expense	-	-	337	-	-	-	337
Other comprehensive income, net of tax	-	-	-	-	993	-	993
Net income	-	-	-	22,519	-	-	22,519
Balance, March 31, 2017	$ -	$ 53	$217,195	$327,029	$ 369	$ 502	$545,148
Balance, December 31, 2017	$ -	$ 53	$217,693	$389,554	$ (198)	$ 502	$607,604
Common dividends declared, $0.11 per share	-	-	-	(5,846)	-	-	(5,846)
Issue 173,836 shares of common stock upon exercise of stock options	-	-	852	-	-	-	852
30,003 shares of common stock withheld in net settlement upon exercise of stock options	-	-	(1,247)	-	-	-	(1,247)
Stock-based compensation expense	-	-	238	-	-	-	238
Other comprehensive income, net of tax	-	-	-	-	(4,907)	-	(4,907)
Net income	-	-	-	32,603	-	-	32,603
Balance, March 31, 2018	$ -	$ 53	$217,536	$416,311	$ (5,105)	$ 502	$629,297

See Notes to Consolidated Financial Statements.

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SERVISFIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

	Three Months Ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Net income	$32,603	$22,519
Adjustments to reconcile net income to net cash provided by		
Deferred tax expense (benefit)	1,554	